

SEM-22-007

Capacity Market Code WG 23 Consultation Paper

EirGrid and SONI Response
12th April 2022



Introduction

EirGrid holds licences as independent electricity Transmission System Operator (TSO) and Market Operator (MO) in the wholesale trading system in Ireland, and is the owner of the System Operator Northern Ireland (SONI Ltd), the licensed TSO and MO in Northern Ireland. The Single Electricity Market Operator (SEMO) is part of the EirGrid Group, and operates the Single Electricity Market on the island of Ireland.

Both EirGrid, and its subsidiary SONI, have been certified by the European Commission as independent TSOs, and are licenced as the transmission system and market operators, for Ireland and Northern Ireland respectively. EirGrid also owns and operates the East West Interconnector, while SONI acts as Interconnector Administrator for both of the interconnectors that connect the island of Ireland and GB.

EirGrid and SONI, both as TSOs and MOs, are committed to delivering high quality services to all customers, including generators, suppliers and consumers across the high voltage electricity system and via the efficient operation of the wholesale power market. EirGrid and SONI therefore have a keen interest in ensuring that the market design is workable, will facilitate security of supply and compliance with the duties mandated to us and will provide the optimum outcome for customers.

EirGrid and SONI have duties under licence to advise the CRU and UR respectively on matters relating to the current and expected future reliability of the electricity supply. We have also been allocated responsibility for administering the Capacity Market Code through our TSO licences. This response is on behalf of EirGrid and SONI in their roles as TSOs for Ireland and Northern Ireland.

EirGrid and SONI Views on the Consultation Topic

EirGrid and SONI, in our role as System Operators have considered the points raised during [Capacity Market Workshop 23](#) and the SEM Committee's subsequent consultation paper ([SEM-22-007](#), 11th March 2022), in relation to the proposed Capacity Market Code modifications,

- [CMC 01 22 – New Interdependent Combined Units \(v2\)](#)
- [CMC 02 22 – Timely Publication of Final Auction Information Pack](#)
- [CMC 03 22 – Transparency on Publication of Qualification Results.](#)

The System Operators welcome this opportunity to contribute to the Regulatory Authorities' consultation process. EirGrid and SONI support the SEM Committee's 'minded to reject' position on the three proposed modifications. Further comments are appended for your consideration.

APPENDIX: Response Template

SUMMARY INFORMATION

Respondent's Name	SONI & EirGrid
Type of Stakeholder	System Operators
Contact name (for any queries)	Martin McCarthy
Contact Email Address	
Contact Telephone Number	
Confidential Response	No

CAPACITY MARKET CODE MODIFICATIONS CONSULTATION COMMENTS:

ID	EirGrid and SONI Response
CMC_01_22 New Interdependent Combined Units	
Proposed Modification and its Consistency with the Code Objectives	<p>EirGrid and SONI support the SEM Committee’s ‘minded to reject’ position on the proposed modification CMC_01_22.</p> <p>While EirGrid and SONI acknowledge that there is merit in increasing flexibility with respect to combining Candidate Units, the proposed modification CMC_01_22 does not adequately address potential alternatives and mitigations or the risk of ‘lumpiness’ associated with larger Combined Units. The latter has been a key factor in the SEM Committee rejecting similar proposals.</p> <p>EirGrid and SONI note the SEM Committee’s comments in relation to further consideration of the application of the current or a new de-minimis threshold for combining Units and will welcome further engagement with the Regulatory Authorities and Market Participants on the matter.</p>
Impacts Not Identified in the Modification Proposal Form	<p>The introduction of a new proposed category of Candidate Unit, for ‘Eligible Interdependent Combined Units’ may discriminate against existing Candidate Units. In practice, during the qualification and auction process it may be onerous for Participants to clearly demonstrate and for the System Operators to robustly assess the extent of ring-fenced shared assets in order to qualify as ‘Eligible Interdependent Combined Units’.</p>
Detailed CMC Drafting Proposed to Deliver the Modification	<p>EirGrid and SONI support the SEM Committee’s ‘minded to reject’ position on the proposed modification CMC_01_22.</p>

**CMC_02_22 Timely publication of FAIP and
CMC_03_22 Transparency on Publication of Qualification Results**

Proposed Modification and its
Consistency with the Code
Objectives

EirGrid and SONI support the SEM Committee’s ‘minded to reject’ position on the proposed modifications CMC_02_22 and CMC_03_22.

EirGrid and SONI appreciate the importance to Participants of the availability of accurate auction information in accordance with the relevant Capacity Auction Timetable. An objective of the Capacity Auction Timetable is to assist business planning and resourcing during the auction process. Any deviation from the timetable is unwelcome.

EirGrid and SONI acknowledge that there have been some delays in the publication of the Final Auction Information Pack across recent auctions. The last 15 months included four Capacity Auctions: T-4 2024/25, T-1 2022/23, T-3 2024/25, and T-4 2025/26. While running these auctions was critical for addressing Security of Supply concerns, this has been an exceptionally challenging period for the System Operators involving Qualification and Capacity Auction windows across multiple auctions. The TSOs also received a significantly higher volume of applications for the T-3 and T-4 Capacity Auctions.

EirGrid and SONI welcome the Regulatory Authorities’ statement, during Capacity Market Code Workshop 23, that a review of the auction process will be initiated with the goal of simplifying and streamlining the process to the benefit of all stakeholders. EirGrid and SONI look forward to supporting this review.

<p>Impacts Not Identified in the Modification Proposal Form</p>	<p>EirGrid and SONI are conscious that delaying the auction reduces the amount of time available to participants to meet Substantial Completion by the start of the Delivery Year.</p> <p>EirGrid and SONI echo the SEM Committee’s view that the appropriate response to resolving issues in relation to the publication of auction information is to address the contributory causes to the greatest practicable extent.</p> <p>EirGrid and SONI are currently developing an online Application for Qualification portal. This portal will reduce the administrative burden on participants by allowing them to submit their application online. The use of the online process is intended to increase the efficiency of the qualification process for the TSOs, which reduces the risk to milestones.</p> <p>In accordance with E.9.5 of the Capacity Market Code, the System Operators are required to publish a Final Qualification Results Report. The System Operators have published this report prior to each auction. The System Operators were directed not to publish the Final Qualification Results Report for the T-3 2024/25 Capacity Auction. Unless we are directed otherwise, the System Operators will continue to meet obligations under E.9.5 of the Capacity Market Code.</p>
<p>Detailed CMC Drafting Proposed to Deliver the Modification</p>	<p>EirGrid and SONI support the SEM Committee’s view that the issues the proposed modification seeks to address are better addressed through process, procedure and system changes rather than through the introduction of text which would add a new requirement on the System Operators to propose a delay, a decision on which would remain at the discretion of the Regulatory Authorities.</p> <p>EirGrid and SONI believe that the Capacity Market Code already adequately provides mechanisms by which an auction may be postponed.</p>